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BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NOS. 92-023-R & 94-045-R- ORDER NO. 96-639 ✓

SEPTEMBER 30, 1996

| | | |
|--------------------------------------|---|-------------------|
| IN RE: Application of SOUTH CAROLINA |) | ORDER ON REMAND |
| ELECTRIC & GAS COMPANY for |) | FROM THE RICHLAND |
| Adjustments in the Company's |) | COUNTY COURT OF |
| Coach Fares and Charges, |) | COMMON PLEAS |
| Routes, and Route Schedules. |) | |

This matter is before the Public Service Commission of South Carolina (the Commission) on the May 12, 1995, Order of the Honorable Don S. Rushing remanding the present action to the Commission for further proceedings regarding the South Carolina Electric & Gas Company's (SCE&G or the Company) Application for adjustments in the Company's coach fares and changes in route schedules.

This Commission heard oral arguments on remand on August 7, 1996. The Applicant, South Carolina Electric & Gas Company, was represented by Belton T. Zeigler, Esquire, and Henry White, Esquire. The Commission Staff was represented by F. David Butler, Esquire, and Florence P. Belser, Esquire. The Intervenor, Consumer Advocate for the State of South Carolina, was represented by Nancy V. Coombs, Esquire, and Catherine E. Heigel, Esquire. The Intervenor, the Women's Shelter and Columbia Council of Neighborhoods, were represented by Robert

Guild, Esquire. The Intervenor, Palmetto Legal Services, was represented by Joan Brown, Esquire. The Intervenor, South Carolina Legal Services Association, was represented by Sue Berkowitz, Esquire. The Intervenor, John C. Ruoff, appeared pro se. The Intervenor, City of Columbia, was represented by James T. Brailsford, Esquire.

We have considered the oral arguments of the parties in this matter carefully, and the record in this case. We do believe that the May 12, 1995 Order of Judge Rushing is the present law of the case, but we also believe that Judge Rushing expressed his intent at the November 1, 1995 Circuit Court hearing that the matter should ultimately be resolved by the South Carolina Supreme Court. It is this Commission's belief that the law as expressed in the cases of State ex rel. Daniel, Attorney General v. Broad River Power Company, et al, 157 S.C. 1, 153 S.E. 537 (1929). (See also, Broad River Power Company v. South Carolina ex rel. Daniel, Attorney General, 281 U.S. 537 (1930), a related U.S. Supreme Court decision) and Coney v. Broad River Power Company, 171 S.C. 377, 172 S.E. 437 (1933) is the law that will ultimately be adopted by the South Carolina Supreme Court. Therefore, the Commission leaves its previous Orders in the Docket in effect so that the parties can pursue any appellate remedies that they may deem appropriate.

We hold that this Order is intended to allow this matter to be placed in a posture for appeal to the South Carolina

Supreme Court, as well as for possible appeal to the United States Supreme Court without creating irreparable harm to the public. We believe this action to be in concert with Judge Rushing's intent as expressed in the November 1, 1995 Circuit Court hearing with regard to the need to have the matter resolved by the South Carolina Supreme Court.

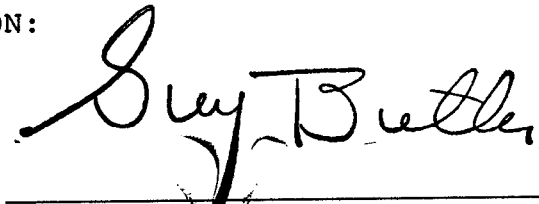
The Commission, by our holding, maintains the current status of SCE&G's transit operations so as not to irreparably harm the current transit customers through route modification or additional cost. Another factor that we have considered is the near impossibility of making refunds to transit patrons charged additional monies pursuant to increased fares, zone charges, or other higher charges in the Company's application, should said charges be overturned by the South Carolina Supreme Court.

It should also be noted that in SCE&G's recent electric rate case, Docket No. 95-1000-E, this Commission granted the Company a rate of return on common equity of 12.00%. See Order No. 96-15 at 45. In approving this rate of return on common equity for electric operations, this Commission considered SCE&G's total operations, including the risk associated with the Company's transit operations. Should SCE&G ultimately prevail in its position that it is entitled to a compensatory rate of return on its transit operations on a stand alone basis, we hereby put SCE&G and all parties on notice that this

Commission may re-evaluate the currently authorized electric rate of return on common equity in light of the lower end of the various ranges proffered in testimony in Docket No. 95-1000-E (i.e., 10.50%), versus the 12.00% presently authorized.

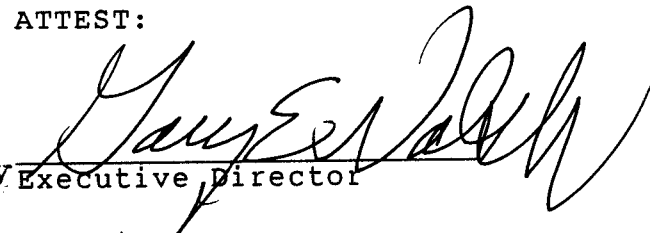
This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:



Chairman

ATTEST:



Deputy Executive Director
(SEAL)